

# **FEATURING BEST PRACTICES OF STATE AGENCIES AND INSTITUTIONS OF THE COMMONWEALTH OF VIRGINIA**

## **Resolution of Consumer Complaints Alternative Dispute Resolution Processes**

**Department of Agriculture and Consumer Services  
implemented this best practice  
in September 1996**

*Qualifying under the  
Best Practices catalogue*

3 Provide Capabilities  
32 Support resources  
322 Enhance/upgrade organizational capabilities

### **Best Practice Summary (how it works, how you measure it)**

In Virginia:

- a. Background: The Office of Consumer Affairs (OCA) within the Department of Agriculture and Consumer Services serves as the central coordinating office for the evaluation, investigation, or referral of consumer complaints. The legislative authority for OCA to receive and investigate complaints regarding illegal, fraudulent, or deceptive business practices is provided by Title 3.1, Chapter 3.1 of the *Code of Virginia*. Additional authority is also provided through the Virginia Consumer Protection Act (VCPA), as well as several other laws. OCA also provides consumer protection through

the administration of regulatory programs in seven areas that are often prone to consumer abuse. These areas are:

1. cemeteries
2. charitable solicitations
3. credit services businesses
4. extended service contracts
5. health spas
6. membership campgrounds and
7. travel clubs

- b. Complaint Assignment: Consumer complaints filed with OCA are reviewed and all pertinent statistics and other information are entered into the agency's computer system. Complaints are then assigned as follows:
- i) Complaints that allege a violation of the VCPA or any other laws under OCA's jurisdiction are assigned to the Investigations Unit.
  - ii) Complaints that involved alleged violations of any regulatory statute administered by OCA are assigned to the Regulatory Programs Unit.
  - iii) Complaints that do not involve a violation of the VCPA, do not meet the criteria for formal dispute resolution, and are not under the jurisdiction of another federal, state, or local agency are processed by the Counseling, Intake, and Referral Unit.
  - iv) Complaints that do not involve legal or regulatory violations where the integrity of the transaction between the business and consumer is the center of the controversy are assigned to the Dispute Resolution Unit (DRU).
- c. Performance Measurement: Several performance elements are used to measure overall office productivity and efficiency, including complaint closure rate, average length of time to process a complaint, and dollar value of consumer recoveries.
- d. Alternative Dispute Resolution: Increasingly, consumers and businesses have both been willing to attempt to resolve complaints through the use of certain methods and techniques offered by DRU. These methods typically include early neutral case evaluation, facilitation, conciliation, mediation, arbitration, or negotiation.

## **Impact on the Process Organizational Performance (OUTCOMES)**

Five outcomes as follows:

- a. Previous resolution options to consumers: Until recently, the only recourse available to consumers who had complaints against businesses regarding issues that were not within the jurisdiction of any agency was to seek remedy through the courts system. With the endorsement of the Supreme Court of Virginia, alternative dispute resolution methods became viable mechanisms to resolve consumer complaints.
- b. Outcomes since implementation: Since September 1996, DRU handled more than 1,200 complaints with an aggregate value of recoveries in excess of \$790,000. With a current staff of three, DRU resolves approximately 10% of all formal complaints received by OCA. That percentage is expected to increase once a statewide network of dispute resolution volunteers is in place by the summer of 2000.
- c. Direct benefit to businesses and consumers: Complaints handled by DRU may be resolved within 30 to 60 days, depending on the type of process being used and degree of conflict. Similar complaints that are brought before the civil section of any general district court may take that long just to be scheduled for a hearing. Further, associated expenses may exceed \$150 in court costs plus attorney fees. DRU services are provided at no charge to either the consumer or the business.
- d. Resolution rate: The resolution rate for cases handled by DRU is approximately 80%. In an ideal case, both the consumer and the business will reach a resolution that is equally satisfactory. In some cases, however, the initial desirable outcome cannot be reached and compromises must be developed. The overall resolution rate includes such cases.
- e. Internal surveys: Since May 1999, DRU has sent evaluation surveys to randomly selected complaint resolution participants whose cases have been completed, in efforts to assess the level and quality of service provided. Some 95% of those polled, including consumers and businesses, say that they would use DRU's services again if a dispute should arise.

## **Best Practice Qualification**

The November 1998 edition of Resolutions, a quarterly publication by the Supreme Court of Virginia, provides a more in depth-description of the systematic approach developed and followed to establishing a credible and viable dispute resolution unit within state government. The success of this unit is frequently called a "benchmark for public and private enterprises" by Ms. Geetha Ravindra, Director of Dispute Resolution Services for the Supreme Court of Virginia. The evolution of the program has been closely monitored and supported by other dispute resolution professionals affiliated with the Virginia Mediation Network and the Society for Professionals in Dispute Resolution.

## **For Additional Information**

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